

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15
ICAE-00 NSCE-00 DOEE-00 INRE-00 SSO-00 STRE-00
/110 W

-----073488 101523Z /44

O 101514Z JUL 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 7749
INFO USMISSION GENEVA IMMEDIATE
ALL EC CAPITALS

C O N F I D E N T I A L BRUSSELS 13446

USEEC

GENEVA FOR MTN DEL AND AMBASSADOR STRAUSS

E.O. 11652: GDS
TAGS: EAGR, ETRD, MTN, EEC
SUBJECT: CAP REFORM AND THE EUROPEAN COUNCIL

1. DCM ASKED COMMISSION SECRETARY GENERAL NOEL (WHO WAS
IN BREMEN) FOR RUNDOWN OF DISCUSSION BY EUROPEAN COUNCIL
OF CAP REFORM. NOEL CONFIRMED THAT SUBJECT RAISED BY
ANDREOTTI WHO STRESSED TWO POINTS:

A) NEED TO DO SOMETHING TO REDUCE PERSISTENT SURPLUSES
GENERATED BY CAP, ESPECIALLY IN DAIRY PRODUCTS;

B) NEED TO INCREASE PORTION OF COMMUNITY BUDGET DEVOTED
TO FINANCING OF RESOURCE FLOWS TO POORER REGIONS VIA
SUCH MECHANISMS AS SOCIAL AND REGIONAL FUNDS, AND
FEOGA STRUCTURAL ADAPTATION FUND. REDUCTION OF DAIRY
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SURPLUSES, FOR EXAMPLE, WOULD RELEASE EC FINANCIAL
RESOURCES FOR ABOVE PURPOSES.

2. THOUGH NOEL WAS NOT PRESENT WHEN ANDREOTTI SPOKE, HE
THOUGHT THAT REFERENCE TO ASSISTANCE FOR ORANGES WAS
PROBABLY AN APPEAL FOR FUNDS TO FINANCE A MARKET
PENETRATION PREMIUM FOR MARKETING ITALIAN ORANGES IN THE

REST OF THE EC, AND NOT "OVERSEAS" AS ONE REPORT HAD IT.
NOEL THOUGHT IT HIGHLY UNLIKELY ITALY WOULD SERIOUSLY
PROPOSE AID TO MARKET ORANGES OUTSIDE COMMUNITY.

3. NOEL SAID THAT, WHEN JENKINS AND ORTOLI BRIEFED
COMMISSION STAFF ON THIS DISCUSSION, NEITHER MENTIONED
THAT CHARGE TO COMMISSION TO SUBMIT ITS "REFLECTIONS" ON
CAP IN DECEMBER WOULD HAVE ANY IMPLICATIONS, ADVERSE OR
OTHERWISE, FOR MTN. NOEL AGREED THAT ITALY WOULD REMAIN
DEDICATED TO IMPROVING COMMUNITY PROGRAMS IN FAVOR OF
MEDITERRANEAN AGRICULTURE AND THAT ITALIANS VIEWED
PROGRAM TO BE ADOPTED SEPTEMBER 30 AS JUST "FIRST STEP"
IN THAT PROCESS. HOWEVER, HE DID NOT BELIEVE THAT
EITHER COMMISSION OR MEMBER STATES WOULD SEEK TO USE
DECEMBER REPORT AS AN EXCUSE TO DELAY FURTHER DECISIONS
ON MTN. HE SAID HE COULD NOT SAY FOR CERTAIN THAT
GUNDELACH WOULD AGREE WITH THIS VIEW, BUT SAW NO REASON
WHY HE SHOULDN'T.

4. COMMISSION, SAID NOEL, WILL HAVE NO TROUBLE IN COMING
UP WITH "REFLECTIONS" FOR DECEMBER SINCE IT HAS BEEN
CONSISTENT COMMISSION POLICY SINCE 1976 TO MOVE TOWARD
PROGRAMS TO REDUCE SURPLUSES--A POLICY WHICH HAS HAD ONLY
MARGINAL SUCCESS SINCE COUNCIL HAS ACTED TO FRUSTRATE
EFFECTIVE ACTION. IT MAY EVEN BE USEFUL TO PUT THE CASE
FOR THIS POLICY DIRECTLY TO HEADS OF GOVERNMENT, RATHER
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THAN HAVE IT FILTERED THROUGH THE AG MIN'S SCREEN, THOUGH
HE DOUBTED THAT ANY SIGNIFICANT CHANGES WOULD COME FROM
THE EXERCISE. HINTON

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NNN

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